

1                               BEFORE THE  
2                               ILLINOIS COMMERCE COMMISSION  
3           IN THE MATTER OF:                               )  
4           PREMIERE NETWORK SERVICES,                    ) No. 00-0484  
5           INC.    )  
6           Application for a certificate)                    )  
7           of resale and facilities -                    )  
8           based local and resale                        )  
9           interexchange authority to                    )  
10          operate as a reseller and                     )  
11          facilities-based carrier of                    )  
12          telecommunications services                   )  
13          throughout the State of                        )  
14          Illinois.                                        )

15  
16                               Chicago, Illinois  
17                               August 14, 2000

18                   Met pursuant to notice, at 10:00 a.m.

19           BEFORE:

20           MR. JOHN RILEY, Hearing Examiner.

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1 APPEARANCES:

2 MS. CINDY JACKSON  
3 527 E. Capitol  
4 Springfield, Illinois 62794  
5 Appearing for Staff;  
6 (Telephonically.)

7 MS. JUDITH MARSHALL  
8 527 E. Capitol  
9 Springfield, Illinois 62794  
10 Appearing for Staff;  
11 (Telephonically.)

12 MS. TERRI FIRESTEIN  
13 10806 Garrison Hollow Road  
14 Clear Spring, Maryland 21722;  
15 Appearing for Competitive Communications  
16 Group;  
17 (Telephonically.)

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29 SULLIVAN REPORTING COMPANY, by  
30 Tracy L. Ross, CSR,

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I N D E X

Witnesses:	Direct	Cross	Re - direct	Re- cross	By Examiner
Jacquetta Peace		9,23			7,45

E X H I B I T S

Petitioner's	For Identification	In Evidence
None marked.		

1 JUDGE RILEY: Pursuant to the direction of the  
2 Illinois Commerce Commission, I now call Docket  
3 No. 00-0484. This is a petition by Premiere  
4 Network Services, Inc. for certain services  
5 authorized under Sections 13403, 13404, 13405 of  
6 the Public Utilities Act.

7 It's my understanding, Ms. Firestein, that the  
8 principal witness in this matter is Jacquetta  
9 Peace.

10 MS. FIRESTEIN: That's correct.

11 JUDGE RILEY: Okay. Are there any preliminary  
12 matters that we have to deal with before we go to  
13 the witnesses testimony?

14 MS. FIRESTEIN: Not to my belief. This is  
15 Terri Firestein.

16 JUDGE RILEY: Okay. Ms. Jackson?

17 MS. JACKSON: The only thing that I've got is  
18 that the Staff hasn't received the Fed-Ex yet.  
19 We had requested more managerial experience be  
20 provided and, we haven't received that.

21 MS. FIRESTEIN: That is in your Fed-Ex  
22 package.

1 MS. JACKSON: Okay. So we may not be able to  
2 give a recommendation today.

3 MS. FIRESTEIN: Now, I faxed a copy of that to  
4 -- I want to say Cindy Jackson on August 9th.  
5 There was a four-page fax that came hopefully to  
6 Cindy at fax number 217-557-4294.

7 MS. JACKSON: That's my fax, but I don't have  
8 it.

9 MISS FIRESTEIN: Okay. It was supposed to be  
10 the additional biography, one page; the U-tax  
11 forms and the I-tax forms.

12 MS. JACKSON: I got the U-tax and the I-tax  
13 form.

14 MS. FIRESTEIN: Okay. The biography should be  
15 the first page of that fax.

16 MS. JACKSON: I didn't get that.

17 MS. FIRESTEIN: Are you near your fax at the  
18 moment?

19 MS. JACKSON: No, I'm two floors away.

20 MS. FIRESTEIN: Oh, okay. Well, I'm not sure  
21 what to do at that point then.

22 JUDGE RILEY: Well, we got missing

1 information. That's the problem. There are  
2 things that the hearing officer hasn't seen and  
3 there are items that the Staff hasn't seen.

4 MS. PEACE: Are you referring to the bios that  
5 you're asking for?

6 JUDGE RILEY: I'm referring -- I haven't seen  
7 the financial information. I haven't seen any of  
8 the financial data involved in this matter and  
9 Staff just said that there are items they haven't  
10 seen, the managerial background.

11 MS. PEACE: Well, we can fax that managerial  
12 background is somebody going to get it if we send  
13 it in?

14 MS. JACKSON: I can go get it, but I have to  
15 be off of this hearing by 10:30.

16 MS. FIRESTEIN: Well, now, there was also a  
17 copy in the application. The financial was filed  
18 under protective order, and then we faxed a copy  
19 to Judith Marshall, so, Mr. Riley, maybe you can  
20 explain to us, did we fail to provide you  
21 something you need? I guess I'm a little bit  
22 confused --

1 JUDGE RILEY: Well, the only thing is that, if  
2 I'm going to write an order in this matter, I --  
3 have -- at least have to see the data.

4 MS. FIRESTEIN: What are the ICC's  
5 requirements for getting you what you need if we  
6 file it under protective order? And then  
7 additionally I provided a faxed copy to Judith  
8 Marshall under confidentiality. I guess we  
9 didn't know we were supposed to get you a copy  
10 beyond what was filed under protective status  
11 with the ICC, with the application.

12 JUDGE RILEY: I'm not a hundred percent sure  
13 how to answer your question. You can file it  
14 with the ICC under seal, but a copy should go to  
15 the hearing examiner also. I mean he, of all  
16 people -- the hearing examiner -- of all people,  
17 has to see the information.

18 MS. FIRESTEIN: Okay. Well, I guess because we  
19 don't read that in the current way, if you will,  
20 of making the application, we're assuming you're  
21 getting a copy through your own procedures.

22 JUDGE RILEY: Okay.

1           MS. FIRESTEIN: We'll certainly note it -- I  
2           will note it for future reference.

3           JUDGE RILEY: Okay. Where we are right now is  
4           that Ms. Jackson has to leave here in about 15  
5           minutes, and there is information that she does  
6           not have.

7           MS. FIRESTEIN: Okay.

8           JUDGE RILEY: We can put Ms. Peace on the  
9           stand and take her testimony. I think that's the  
10          best way to proceed for now, but Staff has said  
11          they won't be able to give a recommendation  
12          because there are certain items they haven't  
13          examined.

14          MS. FIRESTEIN: Okay. Well, if we can just  
15          get  
16          Ms. Peace's part out of the way, if you will --

17          JUDGE RILEY: Let's do that, yeah.

18          MS. FIRESTEIN: I'll work to get everyone else  
19          what they need.

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1 (Witness sworn.)  
2 JACQUETTA L. PEACE,  
3 called as a witness herein, having been first  
4 duly sworn, was examined and testified as  
5 follows:

6 JUDGE RILEY: Please proceed.  
7 Ms. Firestein, were you going to do the  
8 questioning?

9 MS. FIRESTEIN: No, I was not.

10

11 EXAMINATION

12 BY

13 JUDGE RILEY:

14 Q. All right. Ms. Peace?

15 A. Yes.

16 Q. I have before me a copy of pre-filed  
17 testimony of Jacquetta L. Peace, Director of  
18 Legal and Regulatory. Are you the director of  
19 Legal and Regulatory for Premiere Network  
20 Services, Incorporated?

21 A. I am, yes.

22 Q. And was this testimony prepared by you or

1 at your direction?

2 A. Yes, it was.

3 Q. And if I were to ask you the same  
4 questions today as were asked you in this  
5 testimony, would your answers be the same?

6 A. Yes, they would.

7 Q. Are there any alterations, changes,  
8 amendments that you would like to make at this  
9 time?

10 A. No, there are no changes or amendments.

11 JUDGE RILEY: All right. Then I am going to  
12 direct that the testimony be admitted as  
13 Petitioner's Exhibit No. 1 and Ms. Jackson, I'm  
14 going to turn the witness over to you for  
15 cross-examination.

16 (Whereupon, Petitioner's  
17 Exhibit 1 was admitted into  
18 evidence as of this date.)

19 CROSS EXAMINATION

20 BY

21 MS. JACKSON:

22 MS. JACKSON: Okay. Thank you.

1       Q. Ms. Peace, first I have some questions  
2       regarding the application. The first question of  
3       the application asks for the companies FEIN  
4       number. Can you provide that to me please? It  
5       was left blank on application.

6       A. 8835. Wait a minute. What number are you  
7       looking for? Are you looking for a Tax ID  
8       number?

9       Q. I'm looking for your Federal Employer's  
10      Identification Number.

11      A. I'm sorry. 75-211-40-47

12      Q. Is there a dash between the --

13      A. Yes, 75-211-4047.

14      Q. Okay. Thank you.

15      A. Hm-mum.

16      Q. Question No. 3 of the application you  
17      indicate that you're requesting three waivers of  
18      administrative codes, however, the first page of  
19      testimony indicates that you are not receiving  
20      any waivers or requesting any waivers?

21      A. Okay. Question No. 3.

22      Q. Uh-huh.

1       A. Are you -- you're looking at the  
2       testimony?

3       Q. I'm looking at the application, Question  
4       No. 3, requested Waiver Part 710,735, and  
5       735.180. However, on the first page of testimony  
6       you state that you're not seeking any waivers or  
7       commission to local exchange service?

8       A. Well, those waivers that are requested.

9       Q. Yes?

10      A. We do want those.

11      Q. Okay. So you requested a waiver of part  
12      735, is that waiver request for your long  
13      distance authority or your local exchange  
14      authority?

15      A. Long distance.

16      Q. Okay. And you requested a waiver of  
17      735.180?

18      A. Hold on. My problem is I don't have that  
19      in front of me. I have the testimony in front of  
20      me.

21      Q. You don't have a copy of the application?

22      A. I'm looking. No, I don't have the

1 application. Hold on. No. I don't have a copy  
2 of the actual application. That's not the one  
3 that had a Section 13-405 Certificate, Section  
4 13-404 certificate.

5 Q. On Question No. 2, yes.

6 A. Then I don't really see a Question No. 3;  
7 isn't that what you mentioned?

8 Q. Yes. It's on the very first page.

9 A. Part 705 at the bottom is that Question  
10 No. 3.

11 Q. No.

12 A. Terri, do you have that -- Terri, do you  
13 see what I'm looking at?

14 MS. FIRESTEIN: I see Question No. 3 where  
15 part 710, 735, 735.180 has been marked. I  
16 believe the confusion, and correct me if I'm  
17 wrong, 735.180 is in regards to producing a  
18 directory.

19 MS. PEACE: Hm-mum.

20 MS. FIRESTEIN: Is that correct, Cindy?

21 MS. JACKSON: Yes, it is.

22 MS. FIRESTEIN: The -- I believe the confusion

1     between the application in regards to 735.180 and  
2     the testimony, we are trying to have clarified  
3     what the actual requirement would be. We do not  
4     intend to -- and correct me if I'm wrong,  
5     Jackie, we do not intend to produce our own  
6     directory but to ensure our customers have a  
7     place in the incumbent directory.

8           MS. PEACE: That's correct

9     BY MS. JACKSON:   Q     And that is your testimony,  
10    Ms. Peace?

11          A.   Yes, it is.

12          MS. FIRESTEIN: So our question then would be,  
13    if a waiver is required, if we do not intend,  
14    there was some confusion about what the waiver  
15    would actually be asking for. My understanding  
16    on a previous conversation with your office was  
17    that, yes, we do have to produce our own  
18    directory absent a waiver. So if that is a true  
19    statement, we do still need that waiver in place?

20          MS. JACKSON: That is correct, and my  
21    questioning was to Ms. Peace as to why she was  
22    requesting this waiver

1           A.   Because we want our own directory.

2           Q.   Okay.   And how will you ensure that your

3 customers are listed in a directory?

4           A.   They're listed in the incumbent's

5 directory.

6           Q.   And this waiver request is for your local

7 exchange service?

8           A.   Yes, it is.

9           Q.   Okay.

10          A.   And when we make the application for the

11 lines, we do a directory assistance request at

12 the time.

13          Q.   But this is a printed directory not

14 directory assistance?

15          A.   Well -- directory listing.

16          Q.   Okay.

17          MS. FIRESTEIN:   White page listing.

18   BY MS. JACKSON:   Q   Ms. Peace, Question No. 7 of

19 the application asked you to submit a certificate

20 of your authority to transact business in

21 Illinois.   Has that been submitted?

22          A.   Yes.   Terri was that submitted?

1 MS. FIRESTEIN: We discussed this with  
2 Mr. Riley just a moment ago; the group that  
3 issued that certificate required a certified copy  
4 of the Articles of Incorporation for Premiere,  
5 and they were submitted a week before last. We  
6 were promised to have our certificate no later  
7 than Friday which was the 11th, and we are  
8 waiting on that piece of paper so any moment --

9 JUDGE RILEY: So, Ms. Peace, your testimony is  
10 the certificate of authority to transact business  
11 in Illinois has not yet been issued but it has  
12 been applied for; is that correct?

13 THE WITNESS: Yes, that's correct.

14 JUDGE RILEY: Okay.

15 BY MS. JACKSON: Q Ms. Peace, also on Question  
16 No. 12 of the application asked you to show the  
17 managerial experience of the company, and I have  
18 requested additional biographies of company  
19 employees. Have those been provided.

20 A. Those were submitted, but, like you said,  
21 you don't have them. So we will resubmit them.

22 Q. Okay. Thank you.



1           A.   Hm-mum.

2           Q.   Can you give me the names of the people  
3   who you submitted the biographies of?

4           A.   Leo Wrobel.  He's the President, CEO of  
5   the company.

6           Q.   Okay.

7           A.   Harold Erbs, H-a-r-o-l-d, last name is  
8   E-r-b-s.

9           Q.   Okay.

10          A.   Archie, A-r-c-h-i-e, Croom, C-r-o-o-m;  
11   Bill, well, William, nickname Bill Maybaum,  
12   M-a-y-b-a-u-m; Bryan, B-r-y-a-n, Bonham,  
13   B-o-n-h-a-m; and Donald Walker, W-a-l-k-e-r.

14          MS. FIRESTEIN: Jackie, there were three  
15   additional names.

16          THE WITNESS:  Sharon Wrobel.

17          MS. FIRESTEIN:  No, Sharon wasn't on it.  
18   Eddie Pope.

19          THE WITNESS:  Oh, Eddie was on there?

20          MS. FIRESTEIN:  Yes.

21          THE WITNESS:  Okay.  Eddie Pope is our  
22   attorney.

1 MS. FIRESTEIN: Gerald Mayfield, Gerald with a  
2 G. Mayfield, M-a-y-f-i-e-l-d, and Scott Atkinson.

3 THE WITNESS: He's an advisor.

4 MS. FIRESTEIN: A-t-k-i-n-s-o-n. That was the  
5 full list of names that were provided via the fax  
6 as well as the overnight mail.

7 BY MS. JACKSON: Q Ms. Peace, can you tell me as  
8 to each person's managerial expertise that you've  
9 named.

10 A. You mean their actual experience?

11 Q. Just what their expertise is within the  
12 company.

13 A. Leo Wrobel is president, CEO.

14 Q. But what kind of background does he have?

15 A. He's a well-renowned author in  
16 telecommunications.

17 Q. Does he have technical expertise,  
18 regulatory expertise?

19 A. He has technical expertise.

20 Q. And Harold Erbs?

21 A. Harold Erbs, UM, his expertise would be  
22 regulatory.

1 Q. Archie Croom?  
2 A. Technical.  
3 Q. Bill Maybaum?  
4 A. Technical.  
5 Q. Bryan Bonham?  
6 A. Technical.  
7 Q. Donald Walker.  
8 A. Technical.  
9 Q. Ed Pope?  
10 A. Regulatory.  
11 Q. Gerald Mayfield?  
12 A. Gerald Mayfield. I thought you said  
13 Harold. Sorry. He's technical also.  
14 Q. And Scott Atkinson?  
15 A. Technical also.  
16 Q. Do you have anyone with customer service  
17 expertise?  
18 A. Customer service, Bryan Bonham could  
19 assist in that area, yes.  
20 Q. Okay. Question No. 15 of the application  
21 asked how you will bill for services will you  
22 bill on a monthly basis?

1           A.   Yes, monthly basis.

2           Q.   And you will issue detailed billing  
3 statements?

4           A.   Yes.

5           Q.   And it will list all services, features,  
6 taxes and surcharges?

7           A.   Yes.

8           Q.   Question No. 16 asked about how you plan  
9 to handle service billing and repair complaints;  
10 can you briefly tell me the complaint process?

11          A.   Yes, we have -- our phones are answered  
12 on a 24-hour basis. The customer calls in and  
13 tells us what their problem is. We call repair  
14 that is provided through the incumbent, get their  
15 problem handled and we contact the customer also  
16 to let them know it is being worked on and get  
17 them a due date which is normally within 24  
18 hours.

19          Q.   And is there an escalation procedure  
20 within the company?

21          A.   Yes, we do have an escalation procedure  
22 and we are provided with an escalation list by

1 the incumbent.

2 Q. What about within your company not the  
3 incumbent?

4 A. Yes, there is an escalation procedure.  
5 First it goes through the -- our customer service  
6 department when something is not handled and it's  
7 escalated to the supervisor, then it can come to  
8 me, but it is normally handled at that point, the  
9 supervisors.

10 Q. Okay. And at any time is the customer  
11 notified that they contact the ICC for additional  
12 assistance?

13 A. The incumbent you mean?

14 Q. No, the customer.

15 A. But you said the ICC.

16 Q. The Illinois Commerce Commission.

17 A. Oh, in the state of Illinois, yes.

18 Q. Okay. What are the business hours of the  
19 company?

20 A. 8:00 to 5:00.

21 Q. Now, looking at the testimony Page 4.

22 A. Okay.

1       Q.    You state -- it's like in the middle of  
2   the page; it asked, will the company file tariffs  
3   for all services and charges, and you state,  
4   Premier will file tariffs to request voice  
5   related service descriptions and charges; why is  
6   it only voice-related?

7       A.    Because that is what we will basically  
8   provide, voice-related.

9       Q.    Okay. Will the company be using any  
10  third-party telemarketers?

11      A.    No.

12      Q.    Will the company abide by all state  
13  slamming and cramming laws?

14      A.    Yes; the company will abide by all laws.

15      Q.    And will the company implement procedures  
16  to prevent cramming and slamming prior to  
17  providing service in Illinois?

18      A.    Yes.

19      Q.    And has the company ever provided service  
20  under any other name?

21      A.    No.

22      Q.    Thank you. That's all my questions.

1           A.   Thank you.

2           JUDGE RILEY:   All right.   Thank you.

3   Ms. Jackson, you are going to be going now,

4   right?

5           MS. JACKSON:   Yes, thank you.

6           JUDGE RILEY:   Thank you.   Ms. Marshall, before

7   we go any further, are you under any time

8   constraints here?

9           MS. MARSHALL:   I do not have time constraints

10   I'm not sure if I'll be in a position to make a

11   recommendation until I've received the additional

12   information.

13          JUDGE RILEY:   Well, that's not a problem.

14   What I want you to do is, do you have a copy of

15   that financial data that I had referred to

16   earlier?

17          MS. MARSHALL:   Yes, I do.

18          JUDGE RILEY:   Could you go to a fax machine

19   and fax it to me right now?

20          MS. MARSHALL:   Sure.

21          JUDGE RILEY:   And you've got the number,

22   right?

1 MS. MARSHALL: Yes, I do.

2 JUDGE RILEY: Okay. I'm going to go down  
3 there and wait. We'll be back in a couple  
4 minutes.

5 (Recess taken.)

6 JUDGE RILEY: Ms. Marshall, I got four pages  
7 of the actual financial data.

8 MS. MARSHALL: Yes, I just --

9 JUDGE RILEY: I'm sorry.

10 MS. MARSHALL: Four pages of data.

11 JUDGE RILEY: Right, and all marked  
12 confidential proprietary, and they will remain  
13 so. Did you want to begin your questioning now?

14 MS. MARSHALL: Yes. I'm not sure if you said  
15 Staff appearances. I don't believe I entered  
16 one. I might have been out of the room.

17 JUDGE RILEY: Generally, it's my understanding  
18 that only attorneys make appearances. If you  
19 want to enter one, please go ahead.

20 MS. MARSHALL: No, it's certainly up to you I  
21 was just wanting to do that if I had been out of  
22 the room --



1 JUDGE RILEY: Oh, no there's no problem then  
2 go ahead.

3 CROSS EXAMINATION

4 BY

5 MS. MARSHALL:

6 Q. Okay. Let me refer first to Question No.  
7 4 on the application. Ms. Peace, do you have  
8 that in front of you?

9 A. No, I don't have the application, but you  
10 know you can read it to me.

11 Q. What areas of the state do you intend to  
12 provide service?

13 A. We intend to provide service throughout  
14 the state.

15 Q. Are you familiar with the rule exemption  
16 contained in the '96 Federal Delco Act?

17 A. No, not right off hand not if you don't  
18 tell me what it is.

19 MS. FIRESTEIN: May I speak? This is  
20 Terri Firestein.

21 JUDGE RILEY: For clarification purposes I  
22 mean, what --

1 MS. FIRESTEIN: Yes. Well, I just wanted to  
2 clarify for Jackie that a statewide authority  
3 excluding the territory that has been deemed, for  
4 example, small independant telephone companies  
5 with a rural exemption. Premiere, to my  
6 knowledge, does not intend to enter into those  
7 service territories until they have been open for  
8 competition, and we are aware of those  
9 independant telephone company territories in the  
10 state.

11 THE WITNESS: I agree with what Terri had  
12 said.

13 JUDGE RILEY: I understand that, but I'm kind  
14 of uncomfortable accepting that as testimony. Do  
15 you have any independant knowledge of that other  
16 than what Ms. Firestein said?

17 THE WITNESS: Not specifically for the state  
18 of Illinois. I have -- I have knowledge of this  
19 in other states. I was not aware of the rural  
20 company there in Illinois, but where they --  
21 where there are those rural companies, we are not  
22 entering into them until they open.

1 JUDGE RILEY: All right. Ms. Marshall, please  
2 continue.

3 BY MS. MARSHALL: Q Yes. Is it your  
4 understanding, Ms. Peace, that prior to offering  
5 service in the rural areas, it would be necessary  
6 to file an additional application?

7 A. Yes, I understand that.

8 Q. I want to refer you now to Question 11  
9 where you indicate that your books and records  
10 will not be kept within the state of Illinois.  
11 Can you provide the address, please, where those  
12 records will be located?

13 A. Premiere Network Services, Inc., 1510  
14 North Hampton Road, Suite 120, DeSoto, Texas  
15 75115.

16 Q. And is it your understanding that, if for  
17 any reason the location of those records should  
18 change, you would be required to notify the chief  
19 clerk of the Illinois --

20 A. That is my understanding, yes.

21 Q. And is it further your understanding that  
22 in the event that the Commission or its staff

1 wish to audit or review your records that  
2 Premiere Network Services, Inc., would be  
3 responsible for the cost of that review?

4 A. That is my understanding, yes.

5 Q. Okay. Earlier Ms. Jackson asked you some  
6 questions regarding Item 12, and you listed the  
7 number of persons. Are those persons that you  
8 listed actually employees of Premiere Network  
9 Services, or do they hold some other position?

10 A. They are on the board of directors.

11 Q. Could you identify for me which ones are  
12 actually employed by the company? I assume  
13 Mr. Wrobel is.

14 A. Yes, Mr. Wrobel is actually employed by  
15 the company. Archie Croom is actually an  
16 employee of the company.

17 Q. And what would Mr. Croom's title be?

18 A. Vice President and Director of Network  
19 Technology.

20 Q. Okay. And are any of the other  
21 individuals actually employees?

22 A. No. They're not here on site. No they're

1 not.

2 Q. Okay. Could you tell me who at the  
3 company is responsible for accounting expertise?

4 A. His name is Dave. I think his name is  
5 David. We call him Dave. Last name Mowery,  
6 M-o-w-e-r-y.

7 Q. And do you know Mr. Mowery's title?

8 A. Accounting manager.

9 Q. Okay. Now, in response to Question 8 on  
10 the application, you've indicated that there are  
11 no other jurisdictions in which Premiere is  
12 offered services; is that correct?

13 A. That's correct.

14 Q. Do you have before you the four pages of  
15 financial information that I have?

16 A. No, I do not, but I did provide them.

17 Q. Okay. This purports to be a profit and  
18 loss statement January through April 2000 and a  
19 balance sheet as of April 30th, 2000. Does that  
20 sound correct to you?

21 A. Yes, that sounds correct.

22 Q. And also converted balance sheet as of

1 December 31st, 1999 and 1998?

2 A. Hm-mum, that sounds correct.

3 Q. Okay. Could you tell me what business  
4 Premiere Network Services, Inc. was in during  
5 1998 and 1999?

6 A. Oh, it's hard to explain. Yes, I can.  
7 Mr. Wrobel is an author of several books. The  
8 company started out in emerging technology and  
9 disaster recovery. He taught classes on both  
10 these disaster recovery and emerging technology,  
11 also data technology concerning the phone  
12 systems, and the company revolved into a phone  
13 company.

14 Q. Now, beginning with the January 2000  
15 through April 2000. Profit and loss --

16 A. Uh-huh.

17 Q. -- in the income section there, it  
18 indicates a significant amount of compensation  
19 which received for telephone service operation.  
20 Could you tell me what type of services that was  
21 for?

22 A. Local phone services. You said beginning

1       when?

2           Q.   Well, I don't know the period January  
3       through April 2000?

4           A.   Okay.  That's for local phone services  
5       that we provide here in Texas.

6           Q.   If you provide local phone services, why  
7       have you said you don't operate in other  
8       jurisdictions?

9           A.   Because I'm talking to you in the state of  
10       Illinois.  When you asked me other jurisdictions,  
11       I'm speaking of Illinois.

12          Q.   Okay.  What states do you offer it in?

13          A.   Texas right now.

14          Q.   And is that the only state?

15          A.   Yes, it is.

16          Q.   And do you have applications pending in  
17       other states?

18          A.   Yes, we do.

19          Q.   And could you tell us what those states  
20       are, please?

21          A.   Well, can I back up a minute.

22          Q.   Sure.

1       A. We have applications pending in other  
2       states, but we have certification already in  
3       California, Florida, Wisconsin, New York, and  
4       Colorado. We have certifications pending in --  
5       hold on a second. Let me find my papers. We  
6       have certifications pending in at least 20 other  
7       states. I don't have that right in front of me.

8       Q. Okay.

9       A. But a --

10      Q. So basically you have applications  
11      pending in most states?

12      A. Right, and that was why I was able to say  
13      a little while ago that I was aware of the rural  
14      restrictions in other states, because I've worked  
15      with it in other states but I didn't have  
16      firsthand knowledge of it in Illinois.

17      Q. And you're seeking facility space service  
18      authority; is that correct?

19      A. That's correct.

20      Q. And the application indicates that  
21      applicant in response to Question 23 states that:  
22      Does applicant utilize it's own equipment and



1 facilities? That's been marked, no. Could you  
2 explain why that would be?

3 A. Because right now in the state of Texas we  
4 use the incumbent's facilities through  
5 interconnect agreements that we have. As our  
6 service expands, we will do our on-call locations  
7 and in different states and our own facilities.

8 Q. Do you have any idea when that's likely to  
9 be that you would be expanding into  
10 facility-based services?

11 A. Well no, you don't understand. We have  
12 facility-based services already it's just on the  
13 incumbent's facility.

14 Q. And when will Premiere Network Services  
15 have its own facility?

16 A. I don't have a definite date for that.  
17 We -- we've already -- here in Texas, we've  
18 already bought our property, but we haven't  
19 installed the actual equipment yet.

20 Q. Okay.

21 A. But we -- we're moving toward that. I  
22 cannot give you a definite date.

1       Q.    Now, the testimony that you filed in this  
2       application, would it be correct to say that  
3       that's very similar in most aspects to the  
4       pretrial testimony that Ms. Firestein had already  
5       submitted?

6       A.    Yes.  She and I are working together.

7       Q.    On Page 2 of that testimony, there's a  
8       question about how many people does the company  
9       employ?

10      A.    Yes.

11      Q.    How many people does the company employ?

12      A.    20.

13      Q.    Okay.  It says here that that is an  
14      intent to expand that number, and I was just  
15      checking to see if any more had been hired.

16      A.    We have one part-time person, now that  
17      you mention it, yeah.

18      Q.    Oh, Okay.  So you have 20 regular  
19      full-time employees and one part-time person?

20      A.    Yes.

21      Q.    Okay.  Does Premiere Network Services  
22      have any affiliated companies?

1           A.  No.

2           Q.  Does it share directors with any other

3 telephone company?

4           A.  Directors?

5           Q.  Yes.

6           A.  You mean members of the board?

7           Q.  Yes.

8           A.  No.

9           Q.  Okay.  So those directors, you're

10 confident, are not directors of any other

11 telephone company?

12          A.  No, they're Premiere only.

13          Q.  Okay.  Now, you have a contact for 911

14 persons, is that correct?

15          A.  Yes, I am.

16          Q.  Is there someone else at your company that

17 would be more technically knowledgeable about 911

18 than you are?

19          A.  Archie Croom.

20          Q.  Okay.  But you're asking that all initial

21 contact be through you?

22          A.  Yes.

1           Q. Okay. Who will be responsible at your  
2           company for building and maintaining the 911 data  
3           base for local base customers?

4           A. Our operations department has that data  
5           base right now, and I expect them to keep it. I  
6           shouldn't have said, "Right now". The manager of  
7           operations is John Grimes.

8           Q. And would you like to spell that last name  
9           please?

10          A. G-r-i-m-e-s.

11          Q. Thank you. How often will your company  
12          update the 911 data base?

13          A. I don't know how to answer that. You mean  
14          for the state of Illinois or nationwide? What?

15          Q. Well, I'm particularly concerned about the  
16          state of Illinois.

17          A. As long as we're with the incumbent there,  
18          we will update it when notified.

19          Q. When notified of what?

20          A. That there are updates to it. Right, that  
21          there are updates to it or any changes.

22          Q. Well -- who's going to notify you of

1 changes to your own customer list?

2 A. You said 911.

3 Q. Right. I'm talking about the 911 data  
4 base of your customers to provide customer  
5 information for that data base.

6 A. I can't quite answer that. I'm sorry.

7 Q. Premiere Network will be responsible for  
8 updating that data base on a daily basis?

9 A. On a daily basis, yes.

10 Q. Now, Page 7 of your testimony, there are a  
11 couple of answers here that are inconsistent  
12 regarding 911. First you state your company will  
13 be able to meet the requirements for the  
14 installation of call boxes and then in the -- in  
15 the next question you state you plan to file a  
16 waiver. Which is it?

17 A. Call boxes?

18 Q. Yes, ma'am.

19 A. When you say, "Call boxes", are you  
20 talking about the boxes along the highway?

21 Q. We are talking about boxes placed on the  
22 outside of the switch that the 911 system

1 personnel can access in the event of an equipment  
2 failure.

3 A. Oh, that's what you mean. No, we were  
4 going to ask for the waiver because right know we  
5 don't have our own equipment. It's the  
6 incumbents.

7 Q. Okay.

8 A. When we get our own equipment, then we  
9 will not need that waiver, but right know we  
10 don't have our own equipment.

11 Q. Okay. And you're confident your equipment  
12 will meet the call box provision of our --

13 A. Oh, yes our equipment will meet the  
14 requirements, yes.

15 Q. Okay. Is it your understanding if that  
16 equipment does not meet the requirements of Part  
17 725, that you will need to file a separate  
18 petition for a waiver?

19 A. Yes, I understand that.

20 Q. Okay. Now, you said in your testimony on  
21 the same page but with regard to financial  
22 questions --

1           A.   Hm-mum.

2           Q.   -- that your records will not be  
3 maintained in accordance with general acceptance  
4 accounting principals.  Could you explain any  
5 further what there is about those records that  
6 would cause them not to be in accordance with  
7 general accepted accounting principals?

8           A.   Yes.  I've had these discussions with our  
9 accounting manager before.  We don't use that  
10 format.  I don't remember what he told me we do  
11 use, but we don't use the GAPP format.

12          Q.   Do you know whether or not your company  
13 does full accrual accounting?

14          A.   I think we do, yes.  Accrual as opposed to  
15 the cash basis, right.

16          Q.   Yes?

17          A.   We do accrual.

18          Q.   Okay.  Do you have in front of you the  
19 chart of accounts that was sent to me at my  
20 request.

21          A.   You know, I sent that chart of accounts,  
22 but, no, I do not have it in front of me at this

1 moment. I can get it if you need me to.

2 Q. Why don't I ask you some questions, and

3 then you can get it if you need it to refer to.

4 A. Okay. Go ahead. Ask me the questions.

5 Q. Okay. Will Premiere Network Services

6 bill any of its customers in advance?

7 A. The advanced billing that we do is for

8 like 30 days in advance. You know, the advanced

9 phone service.

10 Q. Right. And will Premiere Network services

11 require deposits from any of its customers?

12 A. We do not require deposit. We require

13 installation. That's all but , no, no deposit.

14 Q. Do you have procedures whereby you check

15 the credit of applicants of service since you

16 don't require deposits?

17 A. No, we do not.

18 Q. Okay. You may want to get a copy of that

19 chart of accounts because I have some more

20 specific questions about it.

21 A. Hm-mum. What questions do you have?

22 Q. Okay. I'm looking now at Page 1 of four



1 of that account listing.

2 A. Hm-hum.

3 Q. And these are -- they begin with the  
4 assets -- some assets, and they begin also near  
5 the bottom of the page. There are liabilities?

6 A. Yes.

7 Q. Liabilities. I don't see there any  
8 account for unearned revenue. Do you?

9 A. Unearned revenue?

10 Q. Yes, ma'am. It should be in the liability  
11 account of some sort, and the liability account  
12 carry over onto on Page 2.

13 A. No, but this is not something that I could  
14 answer for you intelligently. Our revenue is  
15 earned. Well, I take that back. We did have  
16 some stockholders, some capital stock payments.  
17 Is that what your asking about?

18 Q. No. I'm asking specific questions now  
19 about charter account. And let me ask you some  
20 more questions on Page 2 there, the income  
21 accounts.

22 A. Hm-mum.

1           Q. Do you see those? Tell me first of all,  
2           are you familiar with the difference between  
3           interstate revenue and intrastate revenue?

4           A. Yes, I am.

5           Q. And would you like to provide for us,  
6           please, a definition of intrastate revenue?

7           A. Intrastate revenue? That is revenue that  
8           is received by Premiere from customers within the  
9           state of Texas.

10          Q. Okay. And regarding your Illinois  
11          application, would you agree that that would be  
12          revenues from calls that both originate and  
13          terminate within Illinois?

14          A. Yes, I agree with that.

15          Q. Okay. Now, looking at the income  
16          accounts, I don't see any specific income  
17          accounts that separate intrastate revenues from  
18          interstate revenues.

19          A. Well, that's because we don't yet have any  
20          interstate revenue.

21          Q. So you don't provide any long distance  
22          service?

1       A. No, we provide only local services. We do  
2 not provide long distance services.

3       Q. But you're seeking authority to provide  
4 long distance service in Illinois; is that  
5 correct?

6       A. No. That's not correct, we are seeking  
7 local service within Illinois.

8       Q. Okay. Could you explain then why the  
9 authority requested states in the caption inter  
10 exchange and local?

11      A. Say that again; I'm sorry.

12      Q. I'm referring to your application. It  
13 appears that the application seeks both resale  
14 and facility based local, and resale  
15 interexchange and facility space interexchange  
16 service. And in response Question 2 all those  
17 tax and services have been marked. So does that  
18 application need amending to include only local  
19 service?

20      A. I think it should include local service  
21 unless -- Terri, is that the -- is that the toll  
22 number she's referring to?

1 MS. FIRESTEIN: Yes.

2 THE WITNESS: Unless it's toll service. We  
3 are a resborg.

4 MS. FIRESTEIN: That's what she's referring  
5 to.

6 THE WITNESS: Okay. That those are toll free  
7 numbers, 800, 888, 877, 866

8 BY MS. MARSHALL: Q For the most part -- those  
9 numbers, they could be intrastate or interstate,  
10 but for the most part, they tend to be  
11 interstate.

12 A. Okay.

13 Q. So, it's actually your testimony that you  
14 will be providing interstate service; is that  
15 correct?

16 A. Yes, through the 800 toll numbers, yes.  
17 But, Terri, I need some clarification on that.  
18 We will provide that although we are the resborg  
19 for that company, I mean for those numbers.

20 MS. FIRESTEIN: Right. Don't worry about your  
21 800 service. The request for the interexchange  
22 authority is so that you are able to, as you're

1 providing service to your customers on a local  
2 basis, also to be able to provide to them, for  
3 example, private line circuits that cross state  
4 boundaries in order to connect their customer  
5 locations. Do you follow me?

6 THE WITNESS: Yes.

7 MS. FIRESTEIN: So in every state we are  
8 requesting both authorities, and Illinois would  
9 not be any different.

10 THE WITNESS: Okay.

11 MS. FIRESTEIN: We were attempting in Illinois  
12 to duplicate the authority that you currently  
13 have in Texas and Florida and the other states

14 BY MS. MARSHALL: Q I have some additional  
15 questions I want to ask you about your financial  
16 questions.

17 A. Hm-mum.

18 Q. It states here on Page 8 of your testimony  
19 that you will provide an annual audited statement  
20 for a period subsequent to the granting of waiver  
21 of our uniformed system of accounts; is that  
22 correct?

1           A.   Yes.

2           Q.   And is it your intention at that point in  
3   time that your system will be brought into  
4   compliance with general accepting accounting  
5   principals?

6           A.   Yes, into compliance, yes.

7           Q.   And will that compliance include not only  
8   full accrual accounting but also full disclosure  
9   in the form of footnotes?

10          A.   Footnotes?

11          Q.   Footnotes to the financial statements,  
12   yes, ma'am.

13          A.   Yes, where needed, yes.

14          Q.   Now, you state that your accounting system  
15   will be modified to provide details necessary for  
16   the calculation of Illinois gross receipts tax.  
17   Who will be responsible for making the  
18   modifications to your system?

19          A.   Dave Mowery, the accounting manager.

20          Q.   And could you spell that last name for me,  
21   please.

22          A.   M-o-w-e-r-y.

1 MS. MARSHALL: Okay. I believe that's all the  
2 questions that I have, Mr. Examiner.

3 JUDGE RILEY: Thank you, Ms. Marshall.

4 THE WITNESS: Thank you.

5 JUDGE RILEY: Ms. Peace, I have a couple of  
6 questions of my own right now. I just want to  
7 make sure we are clear on a couple of things.

8 THE WITNESS: Okay.

9

10 FURTHER EXAMINATION

11 BY

12 JUDGE RILEY:

13 Q. This is a Texas corporation, and it's  
14 principal place of business is also in Texas?

15 A. Yes, it is.

16 Q. Is the name that is to appear upon the  
17 certificates that we'll issue -- is that  
18 Premiere Network Services, Inc?

19 A. Yes, Premiere with an "e" on the end of  
20 it.

21 Q. Right. I understand that. Does that --  
22 is that the same name that will appear on the

1 certificate of authority to transact business in  
2 Illinois?

3 A. Yes, it is the same name, sir.

4 Q. And there is no doing business name or  
5 anything like that?

6 A. No, there is no doing business as name.

7 Q. Okay. Is it my understanding that  
8 Premiere is requesting Permission under Section  
9 250 of the -- I'm sorry of Illinois  
10 Administrative Code Section 250 to keep its books  
11 and records at its principal place of business in  
12 Texas?

13 A. Yes, that is our request.

14 Q. I didn't phrase that question correctly,  
15 but who is going to provide the technical support  
16 for Premiere?

17 A. Our technical support will be provided by  
18 Archie Croom.

19 Q. Okay. So it will be your own employee who  
20 will be doing that?

21 A. Yes.

22 Q. All right. And will Premiere, to your



1 knowledge, be providing operator assistance  
2 services, or will that be left to the underlying  
3 carrier?

4 A. That's left to the underlying carrier.

5 JUDGE RILEY: Okay. Then I have no further  
6 questions. Ms. Marshall, you said that you most  
7 likely would not have a recommendation on this  
8 matter?

9 MS. MARSHALL: That's correct, based on  
10 Ms. Jackson having to leave and neither of us  
11 having seen the additional information.

12 JUDGE RILEY: All right. I understand that.  
13 I do have that information, however, the only  
14 hang-up from the hearing examiner standpoint is  
15 the certificate of authority to transact business  
16 in Illinois. I can't submit an order to the  
17 Commission until you have that. Ms. Firestein,  
18 will that be coming to you, or will that be  
19 coming to the company?

20 MS. FIRESTEIN: No, that will be coming to me,  
21 and I'll be responsible for submitting it to the  
22 appropriate parties there at the ICC.

1 JUDGE RILEY: By all means, but make sure I  
2 get a copy as soon as you get it and I'll mark it  
3 as Petitioner's Late Exhibit No. 2.

4 MS. FIRESTEIN: Okay.

5 THE WITNESS: Thank you.

6 JUDGE RILEY: And when I get that, then I will  
7 be in a position to prepare an order for the  
8 Commission. Is there anything further? Then  
9 I'll direct the court reporter to mark this  
10 matter heard and taken, and I'll await the  
11 submission of the Certificate of Authority to  
12 transact business in Illinois.

13 MS. FIRESTEIN: Very good.

14 JUDGE RILEY: Thank you very much.

15 MS. FIRESTEIN: Thank you for your time  
16 everyone.

17 THE WITNESS: Thank you.

18 HEARD AND TAKEN \*\*

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CERTIFICATE OF REPORTER

STATE OF ILLINOIS     )  
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COUNTY OF COOK        )  
                                  )  
CASE NO.   ^ Replace )

                  TITLE:   ^ Replace  
I, Tracy L. Ross do hereby certify that I am a  
court reporter contracted by SULLIVAN REPORTING  
COMPANY, of Chicago, Illinois; that I reported in  
shorthand the evidence taken and the proceedings  
had in the hearing on the above -entitled case on  
the ^ day of ^ A.D. 2000; that the foregoing  
^ pages are a true and correct transcript of my  
shorthand notes so taken as aforesaid, and  
contains all the proceedings directed by the  
Commission or other person authorized by it to  
conduct the said hearing to be stenographically  
reported.

Dated at Chicago, Illinois, this ^ day  
of ^ A.D. 2000.

REPORTER